



House of Representatives

General Assembly

File No. 410

February Session, 2016

Substitute House Bill No. 5518

House of Representatives, April 4, 2016

The Committee on Insurance and Real Estate reported through REP. MEGNA of the 97th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT IMPOSING A SURCHARGE ON CERTAIN PERSONAL RISK INSURANCE POLICIES TO FUND REGIONAL FIRE SCHOOLS' OPERATING BUDGETS AND CERTAIN FIREFIGHTER TRAINING COSTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2016*) (a) Each insurance company
2 that issues, renews, amends or endorses a homeowners or renters
3 insurance policy on or after July 1, 2016, shall remit to the Insurance
4 Commissioner a surcharge, not later than January thirty-first annually,
5 at the rate of one-half of one per cent, on the net direct premiums
6 received by such company during the calendar year next preceding
7 from such policies written on property or risks located or resident in
8 this state. Any such remittances collected shall be deposited in the
9 Connecticut Fire Safety Fund established pursuant to section 2 of this
10 act. As used in this subsection, "net direct premiums" has the same
11 meaning as provided in section 12-201 of the general statutes.

12 (b) Each such insurance company shall include with such

13 remittance, in a form and manner prescribed by the commissioner,
14 documentation to substantiate the surcharge amount remitted.

15 (c) Any insurance company aggrieved because of the surcharge
16 levied under this section may appeal therefrom to the superior court
17 for the judicial district of New Britain.

18 Sec. 2. (NEW) (*Effective July 1, 2016*) (a) (1) There is established an
19 account to be known as the "Connecticut Fire Safety Fund" which shall
20 be a separate, nonlapsing account within the General Fund. The
21 account shall contain any moneys required by law to be deposited in
22 the account. Moneys in the account shall be expended by the
23 Department of Emergency Services and Public Protection in the
24 following order:

25 (A) To fund the operating budgets of regional fire schools
26 established pursuant to section 7-323u of the general statutes; and

27 (B) To fund training costs and fees for Firefighter I certification of
28 paid and volunteer municipal firefighters, provided (i) the
29 municipality, fire department, fire company or fire district requesting
30 such funds requires its firefighters to submit to criminal background
31 checks, and (ii) such firefighters have passed such criminal
32 background checks. Such training costs and fees shall not include any
33 costs associated with such criminal background checks.

34 (2) Any moneys remaining in the account shall be expended to
35 offset the costs of other firefighter training programs, including, but
36 not limited to, Firefighter II certification and fire operations.

37 (b) The Commissioner of Emergency Services and Public Protection
38 shall establish (1) the form and manner of (A) submission of proposed
39 operating budgets by regional fire schools, and (B) submission of
40 funding requests for the costs and fees specified under subparagraph
41 (B) of subdivision (1) of subsection (a) of this section and the costs
42 specified under subdivision (2) of subsection (a) of this section, (2)
43 expenditure reporting requirements for regional fire schools,

44 municipalities, fire departments, fire companies and fire districts that
45 receive moneys from the Connecticut Fire Safety Fund in the
46 applicable fiscal year, and (3) a methodology or system for
47 determining the distribution of moneys for the costs and fees specified
48 under subparagraph (B) of subdivision (1) of subsection (a) of this
49 section and the costs specified under subdivision (2) of subsection (a)
50 of this section.

51 (c) As used in this section, "municipality" means any town, city,
52 borough, consolidated town and city or consolidated town and
53 borough.

54 (d) The commissioner may adopt regulations, in accordance with
55 the provisions of chapter 54 of the general statutes, to implement the
56 provisions of this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2016</i>	New section
Sec. 2	<i>July 1, 2016</i>	New section

INS *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note**State Impact:**

Agency Affected	Fund-Effect	FY 17 \$
Department of Emergency Services and Public Protection	SF - Revenue Gain	6.8 million
Department of Emergency Services and Public Protection	GF - Cost Avoidance	510,000

Note: SF=Special Fund (Non-appropriated); GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 17 \$	FY 18 \$
All Municipalities	Cost Avoidance	See Below	See Below

Explanation

The bill creates a surcharge of 0.5% on all homeowners and renters insurance premiums and creates the Connecticut Fire Safety Fund ("Fund"), a separate nonlapsing account. Based on the FY 15 net premiums, the account would receive approximately \$6.8 million.

The bill allows the fund to cover the expenditures to operate the regional fire schools ("Schools") and firefighter certification training costs. The FY 17 enacted budget for the Department of Emergency Services and Public Protection includes appropriations of \$510,000 for the nine regional fire training schools, which would be covered by the Fund. In addition, the municipalities in which the Schools are located fund approximately 50% of the operating costs for the training programs. These costs would also be paid by the Fund.

Currently, municipalities pay approximately \$1,000 for each firefighter certification. The bill allows for these costs to also be paid

by the Fund, resulting in savings to municipalities.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sHB 5518*****AN ACT IMPOSING A SURCHARGE ON CERTAIN PERSONAL RISK INSURANCE POLICIES TO FUND REGIONAL FIRE SCHOOLS' OPERATING BUDGETS AND CERTAIN FIREFIGHTER TRAINING COSTS.*****SUMMARY:**

This bill establishes the Connecticut Fire Safety Fund as a separate, nonlapsing account within the General Fund and imposes a surcharge, which must be deposited into the Fire Safety Fund, on insurers issuing homeowners or renters insurance policies.

The Department of Emergency Services and Public Protection (DESPP) must use the Fire Safety Fund to pay, in the following order, for (1) regional fire schools' operating budgets; (2) paid and volunteer municipal firefighters' Firefighter I certification training costs and fees; and (3) other firefighting training programs, including Firefighter II certification and fire operations.

Under the bill, training costs may only be funded for firefighters who pass a criminal background check required by their department, fire company, district, or municipality. Municipalities are towns, cities, boroughs, consolidated towns and cities, and consolidated towns and boroughs. Costs and fees associated with these background checks are excluded from funding.

The bill requires the DESPP commissioner to establish:

1. how the regional fire schools must submit their proposed operating budgets and certification training funding requests;
2. expenditure reporting requirements for each regional fire school, municipality, fire department, company, and district

that receives Fire Safety Fund money for the fiscal year; and

3. a methodology or system for determining certification training cost and fee distribution.

The bill also authorizes the DESPP commissioner to adopt regulations to implement these provisions.

SURCHARGE ON INSURERS

The bill requires insurers to pay to the insurance commissioner, annually by January 31, a 0.5% surcharge on the net direct premiums received in the prior year from policies written on Connecticut property or risks. Insurers must also submit, in a form and manner prescribed by the commissioner, documentation that substantiates the surcharge amount. By law, “net direct premiums” are gross premiums minus (1) any returned premiums or cancellations and (2) dividends paid to policyholders on direct business, excluding dividends paid to shareholders. Under the bill, an aggrieved insurer may appeal to the New Britain Superior Court.

The provisions apply to any insurance company issuing, renewing, amending, or endorsing a homeowners or renters insurance policy on or after July 1, 2016.

EFFECTIVE DATE: July 1, 2016

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute

Yea 17 Nay 2 (03/15/2016)